



WILLIAM T FUJIOKA  
Chief Executive Officer

## County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 713, Los Angeles, California 90012  
(213) 974-1101  
<http://ceo.lacounty.gov>

September 7, 2010

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**FIVE-YEAR LEASE RENEWAL  
DEPARTMENT OF COMMUNITY AND SENIOR SERVICES  
3333 WILSHIRE BOULEVARD, LOS ANGELES  
(SECOND DISTRICT) (3 VOTES)**

**SUBJECT**

This is a recommendation for a five-year lease renewal of 21,945 rentable square feet of office space and 100 structured and surface parking spaces for the Department of Community and Senior Services.

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Find that the project is exempt from the provisions of the California Environmental Quality Act pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by your Board, and Section 15301 of the State of California Environmental Quality Act Guidelines (Existing Facilities).
2. Approve and instruct the Chair to sign the five-year lease renewal with 3333 Wilshire, LLC, (Lessor). The lease will provide the Department of Community and Senior Services uninterrupted use of 21,945 rentable square feet of office space and 100 structured and surface parking spaces. The maximum annual total lease cost is \$447,678. The lease costs for the Department of Community and Senior Services funded 68 percent by State and federal subvention and 32 percent net County cost.

Board of Supervisors  
GLORIA MOLINA  
First District

MARK RIDLEY-THOMAS  
Second District

ZEV YAROSLAVSKY  
Third District

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Fourth District

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Fifth District

3. Authorize the Director of Community and Senior Services to implement the project. The five-year term will commence upon adoption by the Board of Supervisors, and the rent will commence within 30 days of Lessor's completion and County's acceptance of the Lessee's upgrades to prepare the premises.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The lease has been on holdover since February 28, 2010. The proposed lease renewal will provide Department of Community and Senior Services (DCSS) uninterrupted use of the premises. The fourth floor of the facility is occupied by 108 full-time staff, 13 Title V employees, and two social worker graduate students for the Adult Protective Services, and the Area Agency on Aging. They provide advocacy, investigation, and support services for older individuals and disabled adults in compliance with the Older Americans Act and the Older Californians Act.

### **Implementation of Strategic Plan Goals**

The Countywide Strategic Plan (Goal 1) directs that we provide operational effectiveness to support efficient delivery of public services through (Strategy 1) sound, prudent, and transparent short-term and long-term fiscal policies to maintain critical, high priority County of Los Angeles (County) services despite cyclical economic conditions. The proposed lease supports the foregoing with a centrally and co-located facility as further outlined in Attachment A.

### **FISCAL IMPACT/FINANCING**

The proposed full-service gross lease will provide 21,945 rentable square feet of office space and 100 non-exclusive structured and surface parking spaces included in the base rent. The proposed annual lease rate is \$20.40 per rentable square foot or \$447,678.

| 3333 Wilshire Blvd.            | Existing Lease Amendment  | Proposed Lease Renewal  | Change  |
|--------------------------------|---|---|---|
| Area (Square Feet)             | 21,945  | 21,945  | None  |
| Term                           | Five years<br>03/1/05-02/28/10<br>(currently on holdover)                       | Five years<br>(upon Board adoption)   | +Five years   |
| Annual Base Rent (Rental Rate) | \$371,569 (\$16.93/sq. ft.)   | \$447,678 (\$20.40/sq. ft.)   | +\$76,109 (\$3.47/sq. ft.)                                      |
| Option to Renew                | None  | One five-year option at 95 percent of fair market rental value                  | +One five-year option at 95 percent of fair market rental value |
| Annual Rental adjustment       | Consumer Price Index (CPI) capped at 3 percent                                  | CPI capped at 3 percent   | None  |
| Preparation of Premises        | None  | Yes*  | +Preparation of Premises  |
| Parking                        | 100 structured and surface spaces   | 100 structured and surface spaces   | None  |
| Cancellation                   | At any time after 36 months of the lease term upon 60 days prior written notice | At any time after 24 months of the lease term upon 90 days prior written notice | -12 months of the lease term<br>+30 days notice                 |

\* Preparation of premises includes paint and carpet provided by the Lessor at its sole cost and expense.

Sufficient funds for the proposed lease costs are included in the 2010-11 Rent Expense budget and will be billed back to the department. DCSS lease costs are funded 68 percent by State and federal subvention and 32 percent net County cost.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The proposed lease will provide 21,945 rentable square feet of office space and 100 parking spaces included in the base rent. The proposed lease includes the following provisions:

- The five-year term will commence upon adoption by the Board of Supervisors, and the rent will commence within 30 days of Lessors completion and County's acceptance of the Lessee's upgrades to prepare the premises. The Lessor, at its sole cost and expense, will paint and install new carpet including furniture lift throughout the entire leased premises.
- The annual full service gross per square foot rental rate will increase from \$16.93 to \$20.40, or \$1.70 monthly.
- The rent will be subject to annual CPI adjustment capped at 3 percent pursuant to the underlying lease.

- The County will have one option to renew the term for an additional five years under the same terms and conditions as in the proposed lease amendment, except that the rental rate will be adjusted to 95 percent of Market Rental Value as defined in the amendment.
- The County will have the right to cancel the lease or reduce the size of the premises at any time after 24 months of the lease term by giving Lessor not less than 90 days prior written notice.

The Chief Executive Office (CEO), Real Estate Division staff surveyed the immediate area to determine the availability of comparable and more economical sites. Staff was unable to identify any sites in the surveyed area that could accommodate this requirement more economically. Based upon the survey, staff has established that the annual rental range for similar space is between \$16.80 and \$21.60 per rentable square foot on a full service gross basis, and the annual rate for parking at a ratio of four per 1,000 square feet is between \$2.40 and \$6.00 per rentable square foot for an all-inclusive range of \$19.20 to \$27.60. The annual rental rate of \$20.40 per square foot, including parking, is in the lower market range for full service market rates in the area. Attachment B shows all County-owned and leased facilities countywide of equal or greater size and no County-owned or leased facilities are available for this program.

The Office of Affirmative Action Compliance (OAAC) has inspected the leased premises and related common areas to assess Americans with Disabilities Act (ADA) accessibility compliance. A report identifying barriers to accessibility has been completed by the OAAC and provided to DCSS. Pursuant to the report, DCSS and the Lessor are engaged in a collaborative effort to address the removal of barriers to improve accessibility to programs, services and activities for the public including appropriate accommodations for disabled employees. The Lessor has prepared a barrier removal plan and will also provide written notice to the City of Los Angeles (City) regarding removal of exterior path of travel barriers on adjoining City property.

A childcare facility is not feasible at this location. The Department of Public Works inspected the facility for seismic safety and ADA accessibility and has found it suitable for County occupancy.

Lease renewal notification letters have been sent to the City pursuant to Government Code Sections 25351 and 65402.

**ENVIRONMENTAL DOCUMENTATION**

The CEO has concluded that the project is exempt from the California Environmental Quality Act (CEQA) pursuant to Class 1, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board, and Section 15301 of the State CEQA Guidelines (Existing Facilities).

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

It is the finding of the CEO that the proposed amendment will allow DCSS to continue to utilize the subject facility. DCSS concurs with this recommendation.

**CONCLUSION**

It is requested that the Executive Officer, Board of Supervisors, return two originals of the executed lease amendment and the adopted, stamped Board letter and two certified copies of the Minute Order to the CEO, Real Estate Division at 222 South Hill Street, Fourth Floor, Los Angeles, CA 90012.

Respectfully submitted,



WILLIAM T FUJIOKA  
Chief Executive Officer

WTF:SK:WLD  
CEM:MM:hd

Attachments

c: Executive Office, Board of Supervisors  
County Counsel  
Auditor-Controller  
Community and Senior Services  
Affirmative Action Compliance

**DEPARTMENT OF COMMUNITY AND SENIOR SERVICES  
3333 WILSHIRE BOULEVARD, LOS ANGELES**

**Asset Management Principles Compliance Form<sup>1</sup>**

|   |   |            |           |            |
|---|---|------------|-----------|------------|
| <b>1.</b>   | <b><u>Occupancy</u></b>   | <b>Yes</b> | <b>No</b> | <b>N/A</b> |
| A   | Does lease consolidate administrative functions? <sup>2</sup>   | X          |           |            |
| B   | Does lease co-locate with other functions to better serve clients? <sup>2</sup>   | X          |           |            |
| C   | Does this lease centralize business support functions? <sup>2</sup>   |            |           | X          |
| D   | Does this lease meet the guideline of 200 sq. ft of space per person? <sup>2</sup> 178/sq. ft.  | X          |           |            |
| <b>2.</b>   | <b><u>Capital</u></b>   |            |           |            |
| A   | Is it a substantial net County cost (NCC) program? 32% NCC  |            | X         |            |
| B   | Is this a long term County program?   | X          |           |            |
| C   | If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?  |            | X         |            |
| D   | If no, are there any suitable County-owned facilities available?  |            | X         |            |
| E   | If yes, why is lease being recommended over occupancy in County-owned space?  |            |           | X          |
| F   | Is Building Description Report attached as Attachment B?  | X          |           |            |
| G   | Was build-to-suit or capital project considered? <b>The proposed space is available at a competitive market rental rate, and DCSS has requested to remain at the site. A build-to-suit or capital project is not under consideration at this time as is not feasible.</b> |            | X         |            |
| <b>3.</b>   | <b><u>Portfolio Management</u></b>  |            |           |            |
| A   | Did department utilize CAO Space Request Evaluation (SRE)?  | X          |           |            |
| B   | Was the space need justified?   | X          |           |            |
| C   | If a renewal lease, was co-location with other County departments considered?   | X          |           |            |
| D   | Why was this program not co-located?  |            |           |            |
|   | 1. ____ The program clientele requires a "stand alone" facility.  |            |           |            |
|   | 2. ____ No suitable County occupied properties in project area.   |            |           |            |
|   | 3. ____ No County-owned facilities available for the project.   |            |           |            |
|   | 4. ____ Could not get City clearance or approval.   |            |           |            |
|   | 5. <u>X</u> The Program is being co-located.  |            |           |            |
| E   | Is lease a full service lease? <sup>2</sup>   | X          |           |            |
| F   | Has growth projection been considered in space request?   | X          |           |            |
| G   | Has the Dept. of Public Works completed seismic review/approval?  | X          |           |            |
| <sup>1</sup> As approved by the Board of Supervisors 11/17/98 |   |            |           |            |
| <sup>2</sup> If not, why not?                                 |   |            |           |            |

**AMENDMENT NO. 2 TO LEASE NO. 72381  
3333 WILSHIRE BOULEVARD, LOS ANGELES**

THIS AMENDMENT NO. 2 TO LEASE AGREEMENT NO. 72381 ("Amendment No. 2") is made, entered and dated as of this \_\_\_\_\_ day of \_\_\_\_\_, 2010 by and between 3333 WILSHIRE, LLC, a California limited liability company ("Lessor"), and the COUNTY OF LOS ANGELES, a body corporate and politic ("Lessee").

**RECITALS**

WHEREAS, a lease by and between Core Investment Group, LLC as Lessor, and the County of Los Angeles as Lessee was executed September 7, 1999 (the "Lease"), pursuant to which Lessor leased to Lessee those certain Premises located at 3333 Wilshire Boulevard, Los Angeles, California consisting of approximately 21,945 rentable square feet of office space consisting of the entire fourth floor and 100 structured and surface parking spaces, (collectively, the "Premises") and;

WHEREAS, Amendment No. 1 to Lease No. 72381, by and between 3333 Wilshire, LLC, successor-in-interest to Core Investment Group, LLC, and the County of Los Angeles, was executed February 22, 2005, which among other points, extended the Lease term and reduced the per square foot rental rate, and;

WHEREAS, 3333 Wilshire, LLC, is the lawful successor-in-interest to Core Investment Group, LLC and 3333 Wilshire, LLC retains all rights and responsibilities granted as a result thereof, and;

WHEREAS, 3333 Wilshire, LLC, acknowledges that the terms of this Amendment No. 2 to Lease No. 72381 will not become effective until such time that said Amendment is adopted by the Board of Supervisors of the County of Los Angeles, and;

WHEREAS, Lessor and Lessee desire to, among other points, amend the terms of the Lease to extend the term of the Lease, increase the rental rate, and prepare the Premises for the County's use.

NOW, THEREFORE, in consideration of the foregoing recitals, which are hereby deemed a contractual part hereof and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and the rents, covenants and agreements herein contained, Lessor and Lessee hereby covenant and agree as follows:

1. **TERM:** Paragraph 2.A., ORIGINAL TERM, is hereby amended such that upon adoption of this Amendment No. 2 by the Board of Supervisors of the County of Los Angeles, unless cancelled or otherwise terminated in accordance with the provisions of the Lease, the term of this Lease is extended by five years from the date of such adoption.

either (a) accepting Lessor's determination of Market Rental Value (in which case such Market Rental Value shall be used to determine Basic Rent during the Extension Term) or (b) submitting Lessee's determination of Market Rental Value. If Lessor and Lessee cannot agree upon the Market Rental Value of the Premises within fifteen (15) days after submission of Lessee's determination of Market Rental Value, then Lessor and Lessee within five (5) days shall each submit to the other a final written statement of Market Rental Value ("Final Statement"). Within ten (10) days thereafter, Lessor and Lessee shall together appoint one real estate appraiser (who shall be a Member of the American Institute of Real Estate Appraisers) (or, if both Lessor and Lessee agree, a certified property manager with ten (10) years experience) who will determine whether Lessor's or Lessee's Final Statement is the closest to the actual (in such appraiser's opinion) Market Rental Value of the Premises, and such figure will be used in the determination of Adjusted Market Rental Value. If Lessor and Lessee cannot mutually agree upon an appraiser within said ten (10) day period, Lessee may apply to the Superior Court for Los Angeles County, requesting a judicial appointment of the M.A.I. qualified appraiser. The appraiser so appointed shall promptly determine whether Lessor's or Lessee's Final Statement is the closest to the actual (in such appraisers' opinion) Market Rental Value of the Premises, and such Final Statement shall be the Market Rental Value used in determining Basic Rent during the Extension Term. The fees and expenses of the appraiser, whether mutually selected or appointed, shall be borne equally by Lessor and Lessee. The appraiser appointed or selected pursuant to this Paragraph shall have at least ten (10) years experience appraising commercial properties in Los Angeles County.

(7) Amendment of Lease. Immediately after the exercise of the Option by CEO's delivery of the Lessee's Notice of Intent pursuant to this Paragraph 2.B., Lessor and Lessee shall execute an amendment to this Lease setting forth the new Rent in effect. Lessee's Chief Executive Officer is authorized to execute such amendment on behalf of the Lessee.

3. **RENT:** Paragraph 3, RENT, is hereby deleted in its entirety and the following is substituted therefor:

The first full calendar month's rent shall be due and payable within 30 days of Lessor's completion of Lessee's Preparation of Premises work as defined in Paragraph 28, (the "Completion Date"), in the total amount of \$37,306.50 or \$1.70 per rentable square foot of the Premises. A monthly installment in the same amount, subject to Paragraph 28 herein and the adjustments described herein below, shall be due and payable without demand on or before the first day of each calendar month succeeding the Commencement Date during the Term, except that Rent for any fractional calendar month at the commencement or end of the Term shall be prorated on a daily basis, provided that Landlord shall file a payment voucher with the Auditor of the County of Los Angeles (the "County") for the monthly Rent prior to the Commencement Date for the initial month(s) of the Term up to and including June, and annually thereafter in June for the ensuing 12 months.

4. **RENTAL ADJUSTMENT:** Paragraph 27, RENTAL ADJUSTMENT, is hereby amended such that all reference to \$25,760.00 shall be replaced by \$37,306.50.
5. **CANCELLATION:** Paragraph 5 is hereby deleted in its entirety and the following



the procurement of labor or materials necessary for the completion of the Building and/or Premises.

**C. Lessee Remedies:**

If the Premises Work has not been completed within 60 days from the date of commencement of the extended Lease term provided for by this Amendment No. 2, the "Completion Date," Lessee may, at its option:

- i. Cancel the Lease upon thirty (30) days written notice to Lessor; or
- ii. Upon thirty (30) days written notice to Lessor, assume the responsibility for providing the Premises Work itself.

If Lessee elects to provide the Premises Work itself, then:

- (1) Lessee, its officers, employees, agents, contractors and assignees, shall have free access to the Premises at all reasonable times for the purpose of the completing the Premises Work and for any other purposes reasonably related thereto
- (2) Rent shall be reduced by Lessee's total expense in providing the Premises Work, including any financing charges for capital and a reasonable amount for Lessee's administrative costs, and including without limitation interest at the rate of 10%. The rent reduction schedule shall be as mutually agreed between the parties or, if no such agreement is made, Lessee's total expense shall be fully amortized in equal monthly amounts over 5 years.

- 7. Wherever a conflict exists between the terms of this Amendment No. 2 and prior amendments, or the original Lease, the terms and conditions of Amendment No. 2 shall prevail. All other terms and conditions of the Lease remain unchanged and are hereby reaffirmed in full force and effect.

IN WITNESS WHEREOF, the Lessor has executed this Amendment No. 2 to Lease Agreement No. 72381 or caused it to be duly executed, and the Lessee by order of its Board of Supervisors, has caused this Amendment No. 2 to be executed on its behalf by the Chairman of said Board and attested by the Clerk thereof the day, month, and year first above written.

LESSOR:  
3333 WILSHIRE, LLC  
a California limited liability company

By 

Its \_\_\_\_\_

By \_\_\_\_\_

Its \_\_\_\_\_

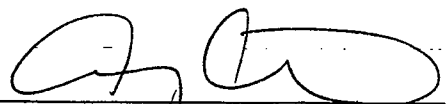
ATTEST:  
Sachi A. Hamai  
Executive Officer  
Board of Supervisors

LESSEE:  
COUNTY OF LOS ANGELES  
a body politic and corporate

By: \_\_\_\_\_  
Deputy

By: \_\_\_\_\_  
Chair, Los Angeles County

APPROVED AS TO FORM:  
ANDREA SHERIDAN ORDIN  
County Counsel

By   
Amy M. Cayes  
Senior Deputy

3333Amd2.6/30/10